

Summary of Public Comments and Staff Responses  
State Fiscal Year 2018-19 Intended Use Plan (IUP) Clean Water State Revolving Fund (CWSRF)  
Comment Period: April 9, 2018 to May 10, 2018

Commenter	Summary of Comments	SWRCB Staff Responses to Comments	Staff Proposed Changes to IUP
<b>(1) Inland Empire Utilities Agency</b>	(a) Requests that Project No. 8173-210 and Project No. 8260-110 be included in the FFY 2018 IUP. Application for Project No. 8173-210, was not included in the FFY 2018 CWSRF IUP Fundable List or Comprehensive List and application for Project No. 8260-110 was not included in the FFY CWSRF IUP.	Staff acknowledges the comment.	Add both Projects to the CWSRF 2018/19 Comprehensive list.
<b>(2) Las Virgenes Municipal Water District</b>	(a) Requests the Board to consider allocating funds for large projects over several fiscal years increasing the resources to finance more projects.	The CWSRF has operated on a cash flow, not current year, basis since the mid-1990s. The CWSRF utilizes a multi-year cash flow model to evaluate each project's forecasted disbursements over the expected construction period.	No Change Proposed to IUP.
	(b) Requests the Board to consider limits (e.g. 50% of project cost) on large projects and provide partial funding requiring agencies to secure other financing or pay go resources, thus enabling the CWSRF to fund more projects.	Comments concerning "partial funding" were also received during the IUP stakeholder meetings held across the state in June/July 2017. Staff are recommending that three projects that requested more than \$200M be considered as "Large" and "partial funding" be provided and such funding be limited to 20% of the requested CWSRF financing.	No Change Proposed to IUP.
	(c) Recommends Board to consider a percentage of the agency's budget to determine if a project is a "large project."	Basing the determination of a "large project" on a percentage of an applicant's budget does not necessarily correlate with the funds available for disbursement.	No Change Proposed to IUP.
	(d) Requests the Board to consider allowing partial funding on any size project, thus enabling agencies of all sizes to leverage all available funding sources and allow the CWSRF to fund additional projects.	The projects identified for partial funding are considerably larger than all of the other projects on the Fundable List. Offering partial funding to a larger number of applications would increase the number of applications that have to be reviewed and approved by the end of the fiscal year. Additional resources to process additional applications would require approval by the Legislature and Governor.	No Change Proposed to IUP.
	(e) Recommends CWSRF to encourage and support shorter repayment of loans for agencies who have the ability to repay loans more quickly, thus enabling financing additional projects in future years.	Staff acknowledge and appreciate the recommendation, and is evaluating possible incentive structures for future IUPs.	No Change Proposed to IUP.
	Future Program Modifications (f) Requests the Board to make the following modifications and additions to the complete application criteria: (1) Compliance Schedule Order (2) Expand partial funding to all project sizes (3) Delete the Regional Board recommendation priority – CWSRF should utilize the same criteria and prioritize projects based on equitable State-wide priorities. (4) Clear, definitive deadline for an application to be complete for inclusion in the fundable list.	CWSRF staff have recommended in the 2018/19 IUP (Section G. Future Financing Trends) that applicants submit application materials before December 31, 2018 for consideration and analysis for the 2019/20 Fundable List. Further, staff has included in this IUP, a short-term goal to develop during SFY 2018-19 a permanent and easier prioritization system and to request that the State Water Board amend the CWSRF Policy to formalize a more effective prioritization system.	No Change Proposed to IUP.
	(g) Recommends developing pre-application which should provide enough information to have the project included within the fundable list and be used for cash flow planning.	As part of the development of a permanent and easier prioritization system, CWSRF staff will modify application forms as appropriate.	No Change Proposed to IUP.

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	(h) Requests Board staff to work only with those applicants on that year's fundable list to complete the application process.	CWSRF Management has directed staff to prioritize project application reviews for all projects listed on the Fundable List. The intent is that all Fundable projects receive a financing agreement by June 30, 2019. As time permits, staff will work on applications not on the Fundable List to develop future Fundable applications.	No Change Proposed to IUP.
	(i) Recommends once project is scheduled for funding, the Board utilize a tool from other States and develop a planning and design funding list and a capital project funding list, thus increasing the capacity of the program to provide funding for more projects, commit funds as needed, and improve efficiency.	The CWSRF can fund planning, design and construction. The suggested option would increase the volume of applications, however, and it would have a minimal affect on CWSRF commitment levels based on the current practice of committing funds on a cash flow basis, and may actually decrease CWSRF commitments as resources are redirected to making planning and design loans. Most applicants are reimbursed for these costs retroactively per the existing Policy.	No Change Proposed to IUP.
	(j) Recommends CWSRF depend on the applicant's Professional Engineer determinations and on the applicant's environmental process.	Currently, all project applications are reviewed by the Board's engineering and environmental staff, relying on the work done by the applicant's Professional Engineers and environmental staffs, to determine whether the applications meet the CWSRF Policy's engineering and environmental requirements. The Board's engineering and environmental staff, along with credit and legal staff, make a recommendation to DFA's management as to an applicant's eligibility for financing.	No Change Proposed to IUP.
	(k) Recommends the following to leverage existing program funding levels to provide assistance to more projects: (1) Higher interest rates for higher credit quality borrowers in exchange for less stringent loan terms and covenants, generating program income and reducing compliance costs for eligible applicants. (2) Develop a rolling 3-5 year Fundable List which would allow the CWSRF to match cash flows to project delivery and allow the program to increase funding to eligible projects. (3) Shorter term loans that are flexible and based on the agency's ability to pay. Agencies that accept a shorter term should get a slightly lower interest rate to encourage early repayment, providing additional funds for future years.	Currently most applications are financed at at one-half of the state's GO rate, but the CWSRF can provide interest rates as low as 0% if authorized or approved by the State Water Board. The State Water Board is statutorily prohibited from charging more than 1/2 the most recent "general obligation" bond rate for CWSRF loans. DFA manages the program on a cash flow basis. Shorter term loans could increase earnings even with a marginal interest rate reduction, and staff will be evaluating incentives for shorter term loans to make a recommendation in a future IUP.	No Change Proposed to IUP.
<b>(3) WateReuse California</b>	(a) Supports the inclusion of developing an annual fundable list and limiting the eligibility of funding to projects on the list with the exception of SDACs and DACs. Understands that if a project fails to be funded, that they will go back on the list, presumably to the top of the fundable list.	DFA's goal is to finance all projects on the "Fundable List" by June 30, 2019. Projects that roll to a new Fundable List will as a practical matter be farther along in the review process and have priority over brand new applications just starting the review process.	No Change Proposed to IUP.
	(b) Supports developing a pre-application form to applicants, helping increase certainty for applicants and potentially reduce staff review time.	As part of the development of a permanent and easier prioritization system, CWSRF staff will modify application forms as appropriate.	No Change Proposed to IUP.

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	(c) Agrees with allowing applicants to provide partial funding for their projects, assuming the applicant has demonstrated it has the financial capacity to obtain or have the remaining financing.	The CWSRF in general provides funding up to 100% of a projects cost. Applicants can request less than 100%. Review of the applicant includes a determination that the applicant has the financial capacity to obtain or has obtained the remaining financing.	No Change Proposed to IUP.
	(d) Agrees with recommendation to reimburse construction costs incurred prior to approval of financing.	This comment supports CWSRF staff recommendation to allow construction cost eligibility date to be the Notice to Proceed (NTP) date. However, applicants that issue NTP prior to DFA's approval of financing run the risk that they are ineligible for financing and that eligibility may be limited by other factors or changes in law or policy.	No Change Proposed to IUP.
	(e) Recommends removing the provision requiring the Board to seek input from the Regional Water Quality Control Boards on regional prioritization of applicants.	The CWSRF intends to develop a permanent and easier prioritization system in conjunction with an upcoming CWSRF Policy amendment. CWSRF staff will consider many options as it develops a more effective prioritization system. This comment will be considered as part of that process.	No Change Proposed to IUP.
	(f) Recommends the Board develop a Tri-Annual report on CWSRF Performance. States the CWSRF fails to provide a total picture of how well the CWSRF is performing relative to its long-term and short-term goals, as well as how its meeting other Board and statutory mandates. Recommends the Board consider developing a report once every three years that includes, but is not limited to, the following information: (1) How the CWSRF is meeting long and short-term goals in the IUP. (2) How the CWSRF is helping to meet the recycled water statutory goal.	Staff acknowledge the comment, and will consider incorporating these suggestions into the Annual Report.	No Change Proposed to IUP.
<b>(4) East Orange County Water District</b>	(a) Requests that the IUP change the way DFA handles CWSRF requests for septic to sewer financing projects. Solutions include (1) dedicated funding for septic to sewer projects, (2) modified application processes to make review and award of septic to sewer applications easier, or (3) priority scoring points for septic to sewer projects during CWSRF application review.	Septic to Sewer (STS) projects are often complex and tend to require additional review time to execute a financing agreement. DFA does not see a need to dedicate funding specifically for STS projects because most STS projects involve Small DACs, which are given automatic placement on the IUP Fundable List, and because STS projects should rank high in comparison to other infrastructure projects given the public health and water quality implications associated with STS projects.	No Change Proposed to IUP.
<b>(5) Hidden Valley Lake Community Services District</b>	(a) Comments preferential treatment given to SDACs and DACs puts small water agencies with a higher MHI at a disadvantage.	The State Water Board has placed a high priority on financing SDACs and DACs. Population, though, was not a factor used to prioritize other non-SDAC and non-DAC projects.	No Change Proposed to IUP.

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	(b) Comments lack of responsiveness, expertise, and accuracy of DFA CWSRF staff has put HVLCSO at a disadvantage. States although there's a documented spike in the volume of applications, DFA CWSRF is not authorized to hire staff to meet this demand. States that staff's workload precludes them from meeting the goal of providing good customer service in the IUP.	CWSRF staff strive to provide excellent customer service to all applicants. Staff workloads have increased as the program's popularity has risen. Staffing levels are determined by the Legislature and Governor through the state's budgeting process. The District submitted its application packages between April 2017 and March 2018. The application was reviewed and considered complete in May 2018. CWSRF staff will provide the District with a status update concerning its funding application and possibility of funding in the future.	No Change Proposed to IUP.
	(c) Comments partial funding is listed as a change in our process. HVLCSO has seen no evidence of a willingness on DFA CWSRF's part to partially fund their project.	CWSRF partial funding has been offered to large projects over \$200 million. Since the District's financing request is \$1.6M, staff anticipates providing 100% financing. The project was not selected for placement on the proposed Fundable List, but will be eligible to compete for the SFY 2019-20 Fundable List.	No Change Proposed to IUP.
	(d) Comments HVLCSO has applied for GPR funding, and requests the Board of Directors to reconsider the priorities placed on other communities above HVLCSO and at least offer partial funding to this crucial project.	The District's project appears to meet the CWSRF GPR requirements as a water efficiency project (AMI Water Meters), and would likely be eligible to receive Principal Forgiveness (PF) funding of 50%, if approved for financing. However, the project was not selected for placement on the proposed 2018/19 Fundable List because it did not have a complete application at the time the Fundable List was created in February 2018. The project has a complete application as of May 2018, and will be reevaluated for placement on the 2019/20 IUP Fundable List.	No Change Proposed to IUP.
<b>(6) California Association of Sanitation Agencies (CASA)</b>	(a) Comments the establishment of an annual funding target, a fundable list, retroactively reimbursing construction costs, and providing multi-year commitments will add clarity and reduce uncertainty for project applicants. Concurs with recommendation to move forward with financing Scenario C.	Staff appreciates the comment.	No Change Proposed to IUP.
	(b) Supports partial funding with additional refinement and requests additional specificity and planning for partial project funding. States agencies with large projects would be willing to accept multi-year CWSRF loans on the condition of funding availability. States PFM study shows \$1 billion for CWSRF and acceptance of these projections should mean it's not necessary to fund the entirety of a multi-year project out of the current year's proceeds and that subsequent year's expenses can be covered in future years.	CWSRF currently makes all commitments on a cash flow basis, not a current year basis. Providing funding for longer-term projects can be done as suggested by committing cash flows farther out into the future, but this would also limit the future commitments the CWSRF program can make in those years.	No Change Proposed to IUP.
	(c) Comments current proposed 20% limit means agencies would need to secure other outside financing, possibly incurring duplicate costs of issuance and dropping out of the CWSRF program.	DFA received positive responses concerning partial funding during stakeholder workshop held in June/July 2017. Staff have recommended a Fundable List in the draft SFY 2018-19 IUP that attempts to maximize funding by the CWSRF and complementary funding programs consistent with available staffing and financial resources bearing in mind the financing needs of applicants.	No Change Proposed to IUP.



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	(d) Recommends to encourage agencies, especially those with large projects to accept 20 year loans instead of the current 30 year loans through less restrictive covenants or lower rates.	Staff acknowledges and appreciates the recommendation, and is evaluating possible incentive structures for future IUPs.	No Change Proposed to IUP.
	(e) States projects identified as partial funding appear to be selected based on size and recommends for future consideration of partial project funding, after considering multi-year funding, the full range of partial funding percentages should be available depending on project needs, willingness of the borrower to accept partial funding, and other factors.	Partial funding was developed to mitigate the impact of large value projects on the CWSRF's cash flow. Staff used an iterative process to try to fund as many projects as possible consistent with the sustainable funding level and available staff resources. No specific dollar figure or project percentage were used as thresholds to determine which projects should receive partial funding, and staff has no specific numbers in mind for developing future Fundable Lists. The three projects identified for partial funding are considerably larger than all of the other projects on the Fundable List. The three projects identified for partial funding are requesting approximately \$400 million, \$600 million, and \$600 million respectively. The next closest project on the Fundable List is requesting \$140 million. Staff also considered the estimated disbursements of the projects using their proposed construction schedules to determine the fiscal impact over the construction periods. These comments will also be considered by staff during development of the prioritization system and the Fundable List for the 2019/20 IUP.	No Change Proposed to IUP.
	(f) Recommends to add a check box on the loan application to open discussions as to the agency's needs and whether partial funding will work.	The CWSRF intends to develop a permanent and easier prioritization system in conjunction with an upcoming CWSRF Policy amendment. CWSRF staff will consider many options as it develops a more effective prioritization system. This comment will be considered as part of that process.	No Change Proposed to IUP.
	(g) Requests Board develop a longer term "plan of funding" which allows for more back and forth interaction and enable applicants to plan co-funding with other sources alongside predictable CWSRF amounts.	CWSRF currently makes all commitments on a cash flow basis, not a current year basis. Longer-term commitments can be made by the CWSRF, but the trade-off is that future commitments will have to be lower.	No Change Proposed to IUP.
	(h) Suggests the Board provide separate planning and design assistance.	Planning and design financing is currently available from the CWSRF. However, providing separate planning and design financing increases the number of applications that must be reviewed and approved, and, therefore, may decrease the output of fundable construction agreements.	No Change Proposed to IUP.
	(i) Suggests Board could commit funds to additional clean water projects each fiscal year without jeopardizing longer term financing for larger projects or the health of the CWSRF program.	CWSRF currently makes all commitments on a cash flow basis, not a current year basis. Providing greater funding for long-term projects can be done, but would limit the future commitments the CWSRF program can make.	No Change Proposed to IUP.
	Recommendations for Future Program Modifications '(j) Recommends objective project ranking criteria to allow an applicant to self-score and understand how their project measures up; agrees with criteria on page 20 of the IUP and recommends against including a Regional Board ranking of preferred projects in future year IUPs.	The CWSRF intends to develop a permanent prioritization system in SFY 2018/19. CWSRF staff will consider many options as it develops a more effective prioritization system. This comment will be considered as part of this process.	No Change Proposed to IUP.

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	(k) Agrees with the criteria of whether or not the project is subject to a compliance order and that projects needing to come into compliance with water quality mandates should receive higher priority. Recommends to not only include enforcement orders, but also include in-permit or TMDL compliance schedules.	The CWSRF intends to develop a permanent prioritization system in SFY 2018/19. CWSRF staff will consider many options as it develops a more effective prioritization system. This comment will be considered as part of this process.	No Change Proposed to IUP.
	(l) Recommends additional criteria for evaluating applications that could help achieve multiple program goals (i.e. Borrower's willingness to accept shorter financing terms should move up the prioritization list).	The CWSRF intends to develop a permanent prioritization system in SFY 2018/19. CWSRF staff will consider many options as it develops a more effective prioritization system. This comment will be considered as part of this process.	No Change Proposed to IUP.
	(m) Suggests Board set a date for when applications must be complete in order to qualify for the FY 2019-20 IUP, should explicitly state December 31, 2018.	Staff believe that a deadline in the IUP may be misconstrued as requiring that a complete application be submitted to be placed on the Fundable List. The CWSRF staff believe that a complete application should have some weight in the evaluation process, but that it not be a determining factor for the Fundable List. Staff agree that the timeline for development of the Fundable List and adoption of the IUP should be clear to applicants, and will ensure that any timeframes are clear as part of developing a prioritization system for the 2019-20 IUP.	No Change Proposed to IUP.
	(n) Suggests clarity about what is required and when in order to lock in compliance and not risk having to re-do aspects of the process.	CWSRF staff believes that the CWSRF application instruction booklet provides detail on the application process. However, the instruction booklet and or application forms may lack clarity based on the comment, and will work with stakeholders to ensure that the application instructions are clear.	No Change Proposed to IUP.
	(o) Recommends to follow the practice of other states such as Arizona, Indiana, Iowa, New York and Texas to originate short-term planning/design loans and long term/construction loans.	CWSRF staff are open to new ideas, and do monitor other states CWSRF programs. Planning, design, and construction loan financing, or any combination of the three, are currently permitted by the CWSRF Policy.	No Change Proposed to IUP.
	(p) Recommends to create two priority lists, one for planning and design and one for construction.	The majority of planning and design financing requests come from SDAC and DACs. These applicants are given review priority and considered automatically "fundable." Creating two Fundable Lists would mean additional applications that must be reviewed and approved, and may not result in additional construction projects funded. Staff will continue to work with stakeholders on evaluating other states' approaches to increase the CWSRF's funding level.	No Change Proposed to IUP.
	(q) Suggests CASA to work with the Board to inform the legislature about the value of contributing state match from outside sources.	The CWSRF staff will provide CASA with any information it needs regarding the value of contributing state match from outside sources.	No Change Proposed to IUP.
	<i>Eliminate Redundant Reviews for Repeat Borrowers</i> (r) Suggests specific terms be negotiated for an agency that can be extended to future agreements rather than starting over with a standard agreement each time.	Staff appreciates the comment. CWSRF financing agreements necessarily involve a variety of requirements, and the Office of Chief Counsel continues to evaluate the best approach to developing and tailoring CWSRF financing agreements for a wide range of applicants and funding sources.	No Change Proposed to IUP.

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(7) California Water Association (CWA)	<i>Inclusion of CPUC-Regulated Water Utilities</i> (a) Comments that USEPA issued a memo titled "Interpretive Guidance for Certain Amendments in the Water Resources Reform and Development Act (WRRDA) to Titles I, II, V, and VI of the Federal Water Pollution Control Act. The memo includes changes that affirm the eligibility for privately owned facilities in areas that are directly relevant to the CWSRF IUP. Requests that the State Water Board revise the SFY 2018-19 IUP to incorporate these eligibility changes for CPUC-regulated water utilities as outlined below: <u>Appendix D: SCG Construction Grant Eligibility</u> - Eligible Applicants: Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Heritage Commission consult list, public utilities <u>Appendix E: SCG Construction Grant Eligibility Criteria for Septic to Sewer and Regional Projects</u> - Eligible Applicants: Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Heritage Commission consult list, public utilities <u>Appendix F: Principal Forgiveness</u> - Eligible Applicants: Any municipality, intermunicipal, interstate, or state agency (regardless of population, MHI, or wastewater rates), and public utilities in partnership with other eligible applicants. The Board may want to footnote this eligibility. <u>Appendix G: SCG Planning Grants Eligibility Criteria</u> - Eligible Applicants: Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Heritage Commission consult list, public utilities	Staff acknowledges the comment. Although "private utilities" are eligible for various types of CWSRF projects, private utilities may not be eligible for principal forgiveness funds. In addition federal guidance does not necessarily apply to state grant funds. The IUP indicates that as a general approach, "funding will be consistent with the CWSRF Policy, the <a href="#">SRF Debt Management Policy</a> , the <a href="#">Operating Agreement</a> , applicable federal and state statutes, regulations, and guidance, and any guidelines applicable to the complementary funding sources that may be used to fund a project jointly with CWSRF funds." Staff will work with all Fundable applicants during SFY 2018-19 to determine the best financing package for which the applicant qualifies.	No Change Proposed to IUP.
	(a) Comments the establishment of an annual funding target, a fundable list, and retroactively reimbursing construction costs will add clarity and reduce uncertainty for project applicants. Also, concurs with recommendation to move forward with financing Scenario C.	Staff appreciates the comment.	No Change Proposed to IUP.
	(b) Recommends utilizing a multi-year financing model that considers the timing of project expenses which would result in a greater level of funding.	CWSRF currently makes all commitments on a cash flow basis, not a current year basis. Providing funding for long-term projects can be done, but would limit the future commitments the CWSRF program can make.	No Change Proposed to IUP.
	(c) Comments CWSRF's Municipal advisor determined an annual lending capacity of \$1 billion per year over the next 20 years and recommends CWSRF to enter into agreements on larger projects that have year-to-year costs similar to that of smaller projects.	The CWSRF operates on a cash flow basis, not a current year basis. The CWSRF utilizes a cash flow model to evaluate a project's forecasted disbursements over the expected construction period. Increasing the commitments to the projects identified for partial (20%) financing can be done. However, committing cash flows farther into the future for multiple large projects would limit the commitments the Water Board can make in those future years.	No Change Proposed to IUP.
(8) County Sanitation Districts of Los Angeles County			

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	(d) Suggests multi-year planning approach for determining funding will help provide certainty to the applicants, provide SWRCB with multi-year certainty on cash flow, and help maximize the financing of water quality projects, can also incorporate partial funding and 20 year financing options.	The CWSRF operates on a cash flow basis, not a current year basis. Proposed projects are evaluated and approved using a cash flow model to evaluate a forecasted disbursement over the expected construction period. Currently applicants have the option to request shorter funding terms than 30 years without any action by the State Water Board.	No Change Proposed to IUP.
	(e) Recommends SWRCB to develop a longer term funding plan that acknowledges the availability of funds in future years and seeks to allocate those funds efficiently over time.	The CWSRF operates on a cash flow basis, and utilizes a cash flow model to evaluate available funding levels into the future. Staff acknowledges the merit of a longer term funding approach based on the relatively stable history of the CWSRF Program, but notes that increasing commitment levels against future cash flows does create more risk for the CWSRF program. Future revenues may not materialize as forecast. In addition there are a number of agencies seeking large future commitments, and cumulatively these commitments must be managed and balanced against future financing needs. The State Water Board has adopted a Debt Management Policy for the CWSRF and limited DFA's current authority to sell revenue bonds.	No Change Proposed to IUP.
	(f) Suggests to streamline the review process by the following: (1) Conduct CEQA review at the time the local agency project is submitted to the State clearinghouse. Applicants would need to identify those projects for which they will be seeking CWSRF funding at that time. (2) Have applicants submit self-certifications regarding non-project specific attachments from the Technical Package which have already been approved by staff on prior projects. (3) Establish a file on applicants who have previously been through the funding process and develop a process to re-use Installment Sales Agreement language previously agreed upon by SWRCB staff for each project.	1). Because the CWSRF receives federal funds, environmental reviews include federal "cross-cutting" environmental laws. Complying with these cross-cutting rules may require consultation with outside agencies, such as the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the State Historic Preservation Office. Consultation with these outside agencies cannot be completed in 30 days. 2). It is current practice that frequent borrowers may reuse attachments that are not project specific. Applicants should work with their Project Manager to identify general documents that can be reused. 3) Staff appreciates the comment. CWSRF financing agreements necessarily involve a variety of requirements for applicants and the State Water Board, and the Office of Chief Counsel continues to evaluate the best approach to developing and tailoring CWSRF financing agreements for a wide range of applicants.	No Change Proposed to IUP.
	(g) Recommend to consider providing an incentive for applicants to take shorter financing terms.	Staff acknowledges and appreciates the recommendation, and is evaluating possible incentive structures for future IUPs.	No Change Proposed to IUP.



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<b>(9) Leadership Counsel for Justice and Accountability</b>	(a) Requests to revise Section I.B. to augment reference to Water Code 106.3, Human Right to Water to reference the State Board's Resolution #2016-0010 "Adopting the Human Right to Water as a Core Value and Directing its Implementation in Water Board Programs and Activities." Requests to include the clause directing staff to "work with relevant stakeholders and develop performance measures for the evaluation of the board's progress towards the realization of the human right to water, evaluate that progress, and explore ways to make that information more readily available to the public."	Staff agrees with the comment and recommends updating the IUP to reference the State Board Resolution No. 2010-0010. Staff also note that the role sanitation plays to the human right to water should be considered and will work with stakeholders to address the sanitation information needs through the Clean Water and Drinking Water Capacity Development Strategy update. The Human Right to Water is a high priority of the State Water Board. The Water Board's efforts to implement this core value is being led by the Office of Public Participation with support from other Divisions/Offices within the Water Boards including the Office of Sustainable Water Solutions. The current information available can be found on the Water Board's website at the following location: <a href="https://www.waterboards.ca.gov/water_issues/programs/hr2w/">https://www.waterboards.ca.gov/water_issues/programs/hr2w/</a> .	Update the IUP to reference State Water Board Resolution No. 2016-0010.
	(b) Requests to revise Section II.C.(1) by providing specific information about how the Capacity Development Strategy is being implemented, specifically, Goal #2, identify systems with low TMF capacity. Recommends this report include information from OSWS about their findings related to the goals of the Capacity Development Strategy and how their efforts are incorporated into the IUP.	The Clean Water and Drinking Water Capacity Development Strategy is scheduled to be updated in State Fiscal Year 18/19. Staff will work with stakeholders during the update process to address the comment.	Update the IUP to reflect that the Clean Water and Drinking Water Capacity Development Strategy is scheduled to be updated in State Fiscal Year 18/19.
	(c) States Section III.C.(2) does not reflect using any principal forgiveness funding to address the shortfall in funding for DAC and SDAC projects and disagrees with this decision. Also states that there is no policy guidance that supports it.	Current Prop. 1 funds for DACs and SDACs is predicted to run out by end of calendar 2018. Additional funding for DAC and SDAC projects may be available from Prop. 68 and the November water bond. Principal forgiveness funds could be used to fill the gap.	DFA recommends that the PF from the 2018 Cap Grant be directed to DAC/SDAC first, but that the Deputy Director of DFA have discretion to redirect the 2018 PF back to GPR projects depending on the outcome of Prop. 68 and the November bond measure.
	(d) States Section III.C.(3)a. provides little information about how Proposition 1 funding is allocated to planning versus capital projects. Also, states IUP includes language regarding reinstating the fee-in-lieu of interest charge and notes that it was included in last year's IUP, but was not implemented. Also highly recommends fee to be applied continually. Requests explanation of shortfall in funding to address DAC projects.	Staff acknowledges the comment. The breakdown between planning and capital projects changes continually as new projects are funded. This information is maintained at the following Web location: <a href="https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/small_community_proj_locations.shtml">https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/small_community_proj_locations.shtml</a> . Board staff have completed the work to implement a similar fee on DWSRF agreements for SDAC and DAC drinking water projects, and are in the process of reinstating the fee-in-lieu of interest charge for the wastewater SCG Fund.	No Change Proposed to IUP.
	(e) States Section III.E. appreciate intent to fund all DAC and SDAC projects on fundable list, but states because of the limited availability of grant funding, two-thirds of that funding will be offered in the form of a loan. Questions reality of funding scenarios that assume these communities will be able to qualify for a loan.	Financing Scenario A was intended to summarize the current known demand from SDAC and DAC projects. It was not staff's intent to imply that loan funds would be used in the absence of grant funds. Additional funding for DAC and SDAC projects may be available from Prop. 68 and the November water bond. Principal forgiveness funds could be used to fill the gap as appropriate.	DFA recommends that the PF from the 2018 Cap Grant be directed to DAC/SDAC first, but that the Deputy Director of DFA have discretion to redirect the 2018 PF back to GPR project depending on the outcome of Prop. 68 and the November bond measure.

Summary of Public Comments and Staff Responses  
State Fiscal Year 2018-19 Intended Use Plan (IUP) Clean Water State Revolving Fund (CWSRF)  
Comment Period: April 9, 2018 to May 10, 2018

Commenter	Summary of Comments	SWRCB Staff Responses to Comments	Staff Proposed Changes to IUP
	(f) Section III.G. - Requests to participate in the development of a fund prioritization system. Recommends before effort begins, that staff work with Office of Sustainable Water Solutions to identify long-term funding needs for DAC communities.	Staff agrees with the comment and will work with the Office of Sustainable Water Solutions during the deployment of a prioritization system. Comment will be considered by staff during upcoming prioritization system development.	No Change Proposed to current IUP.
	(g) Recommends Section V.B. be improved by identifying activities that would achieve the listed goals: 1) Prioritization of DAC projects based on actual or potential threats to public health; 2) Incentivizing system consolidation to address the wastewater needs of DAC communities; 3) Developing outreach programs to fund septic system upgrades; 4) Committing to and developing a pipeline of DAC projects that will be shovel ready over the next 3 years. Measurement could include the number of anticipated DAC projects funded, the number completed, consolidations accomplished, and septic programs funded.	Since DACs receive the proposed highest prioritization and automatic placement to the Fundable List, staff interprets the comment as a request to further prioritize DAC/SDAC relative other DAC/SDAC projects. CWSRF staff will work with the Office of Sustainable Water Solutions during the development of a prioritization system to determine if additional DAC/SDAC prioritization is needed. Comment will be considered by staff during upcoming prioritization system development.	No Change Proposed to current IUP.
	(h) Recommends column headings be repeated on each page of Appendix B and C.	Staff acknowledges the comment.	No Change Proposed to IUP.
	(i) States Appendix E shows limitations of eligible projects costs, maximum grant sizes and maximum cost per household for DACs and SDACs and requests the plan to provide information about how these limits were developed and to what extent they have prevented projects from moving forward. Recommends limits be waived for consolidation projects.	The maximum grant amounts in Appendix E were established in order to ensure that funds are distributed to a large cross-section of communities throughout California. The maximum cost per household were increased from the SFY 2017/2018 CWSRF IUP from \$60,000 to \$75,000 based on past SCG septic to sewer and regional construction project cost per household. The cost per household amount is a threshold for affordability. The projects at or below this threshold can be approved at the Deputy Director level. Exceeding this threshold does not prevent projects from being funded. It requires projects to go to the Board for approval. For projects that connect previously unsewered areas or join communities to regionalize wastewater treatment works consistent with the CWSRF Policy, SCG funds are allocated to each community served by the project on a per community basis, rather than a per project basis. Based on past SCG septic to sewer and regional construction project costs and the estimated project costs of projects in the funding queue the maximum grant amount per project was retained at \$8 million.	No Changes Proposed to IUP.

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<b>(10) City of San Diego Debt Management Department</b>	(a) Requests the Board to adopt a criterion for CWSRF Fundable List eligibility that allows any project whose application is complete as of the end of the prior fiscal year (June 30th) to be placed on the Fundable List for the next fiscal year.	The draft IUP recommends 115 applications for the Fundable List. Not all applications that were complete as of February 2018 were recommended for the Fundable List. Adding additional projects to the Fundable List using June 30 as the cutoff would require additional staff resources. Additional resources to process additional applications requires approval by the Legislature and Governor. Projects on the Comprehensive List that were not recommended for the Fundable List will be eligible to compete for next year's Fundable List.	No Changes Proposed to IUP.
	(b) Requests placement of Pure Water San Diego Program Phase 1 - North City projects (Projects 8419-110 to -810) on the Fundable List for SFY 2018-19.	The City's Pure Water Project consist of 8 individual segments totaling approximately \$1.15B. At the time staff was considering applications for the Fundable List, the City had submitted only the General Packages. Currently, the draft Fundable List includes about \$1.9B in projects, a figure higher than the funding target. Adding the City's applications to the 2018/19 Fundable List would require removing others from the List. While the Pure Water projects did not place on the 2018/19 Fundable List, DFA may be able to fund part of the Pure Water project with the DWSRF. DFA staff will investigate with the City the possibility of providing partial financing from the DWSRF. The City had two projects related to Wastewater and Water Efficiency placed on the 2018/19 Fundable List totaling \$112M, CWSRF Project Nos. 8032-110 and 8277-110.	No Changes Proposed to IUP.
<b>(11) San Diego County Water Authority</b>	(a) Recommends that the IUP specify that projects whose applications are complete by June 30th of the prior fiscal year be eligible for placement on the Program's Fundable List.	The draft IUP recommends 115 applications for the Fundable List. Not all applications that were complete as of February 2018 were recommended for the Fundable List. Adding additional projects to the Fundable List using June 30 as the cutoff would require additional staff resources. Additional resources to process additional applications requires approval by the Legislature and Governor. Projects on the Comprehensive List that were not recommended for the Fundable List will be eligible to compete for next year's Fundable List.	No Changes Proposed to IUP.
	(b) Requests that Pure Water San Diego - Phase 1 project be placed on the Fundable List for SFY 2018-19.	The City's Pure Water Project consist of 8 individual segments totaling approximately \$1.15B. At the time staff was considering applications for the Fundable List, the City had submitted only the General Packages. Currently, the draft Fundable List includes about \$1.9B in projects, a figure higher than the funding target. Adding the City's applications to the 2018/19 Fundable List would require removing others from the List. While the Pure Water projects did not place on the 2018/19 Fundable List, DFA may be able to fund part of the Pure Water project with the DWSRF. DFA staff will investigate with the City the possibility of providing partial financing from the DWSRF. The City had two projects related to Wastewater and Water Efficiency placed on the 2018/19 Fundable List totaling \$112M, CWSRF Project Nos. 8032-110 and 8277-110.	No Changes Proposed to IUP.